

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Leader of the Council

Date: 21 April 2022

Subject: AWARD OF CONTRACT FOR THE COUNCIL'S LAND AND PROPERTY-BASED IT CASE MANAGEMENT SYSTEM

Report of: Councillor Harcourt, Cabinet Member for the Environment, and Councillor Jones, Cabinet Member for the Economy

Report author: Davina Barton, Programme and Business Officer

Responsible Director: Sharon Lea, Strategic Director for the Environment, and Jon Pickstone, Strategic Director for the Economy

SUMMARY

This report seeks approval to award the Council's Land and Property-based IT case management system contract to commence operation no later than 20th March 2023 following a comprehensive and compliant procurement process.

The procurement will deliver a modern system capable of supporting mobile agile working and enabling more efficient services to be delivered for our residents.

The migration to the new supplier is complex and will involve multiple services across Planning and Regulatory services.

REASONS FOR URGENCY

To ensure continuity of the planning and regulatory services reliant on this new IT system, it is essential to ensure there is sufficient time to complete the migration to the new supplier before the existing contract expires. The contract needs to be awarded urgently to enable this complex migration work and system testing to commence. Following the cancellation of the April Cabinet meeting, delaying the decision until the next Cabinet meeting would place the programme under significant risk.

RECOMMENDATIONS

That the Leader:

1. Notes Appendix A is not for publication on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended)
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2. Approves the award of a contract to NEC SOFTWARE SOLUTIONS UK LIMITED previously known as Northgate Public Services UK Limited. The detailed costs are contained within exempt appendix A.

3. Approves one-off investment from the IT and Technology reserve for up to £0.946m for the one-off implementation costs. These costs are set out within exempt appendix A

4. Notes on-going annual cost savings of £0.126m against current contract costs to be delivered once the procurement is complete and operational from 2024/25.

Wards Affected: All

Our Values	Summary of how this report aligns to the H&F Values
Building shared prosperity	A modern, more agile IT system will enable the Council's land and property services to more effectively deliver the priorities of the Council's Industrial Strategy, ensuring shared prosperity.
Doing things with local residents, not to them	The newly procured service will enable more contact with the Council improving delivery to Residents through improved digital accessibility.
Being ruthlessly financially efficient	Seeking better value for money and efficiencies for the council through enhanced functionality and mobile solutions to deliver automation and resource efficiencies including data accuracy and speed of service.
Rising to the challenge of the climate and ecological emergency	A more responsive IT system will support the implementation of programmes to deliver a greener borough and the priorities of the Council's emerging Climate and Ecology Strategy.

1. Financial Impact

A detailed table outlining both the one-off and ongoing expenditure are contained within Appendix A.

Approval is sought to fund one-off costs from existing reserves for the delivery of corporate technology and IT. The balance of this reserve at the beginning of 2021/22 was £3.045m.

Funding for the ongoing costs will be met from revenue budgets held within Digital services.

The delivery and implementation of the contract will lead to expected cost savings of £0.126m per annum from 24/25 onwards compared to the current contract costs. These savings will support the delivery of the Medium Term Financial Strategy (MTFS) and the Council's ability to set a balanced budget for future years both for the General Fund and the Housing Revenue Account.

A credit rating check of NEC Software Solutions UK Limited gives rise to a rating of 97/100 indicating it to be of very low financial risk.

Andre Mark, Head of Finance, 17 March 2022

Verified by Emily Hill, Director of Finance, 23 March 2022

2. Legal Implications

This report recommends that the Leader approves the award of a contract for the Council's land and property-based IT Case Management System to NEC Software Solutions UK Limited for 5 plus 2 years. This follows on from a previous decision to carry out a procurement via a Competitive Procedure with Negotiation. The contract will commence during April 2022 with the service operationally commencing by 20th March 2023

The value of the proposed contract is above the threshold specified in the Public Contracts Regulations 2015 ('PCR'). It was therefore a requirement that the procurement was carried out in accordance with the PCR. The adoption of the Competitive Procedure with Negotiation under regulation 29 satisfied that requirement. This also satisfied the Council's Contract Standing Orders for High Value Contracts.

The tender documentation included award criteria which were applied at each stage. At the Final Tender Stage, the evaluation criteria were applied to find the most economically advantageous tender in accordance with regulation 67 (1) of the PCR and CSO 37.1.2. The decision makers need to be satisfied that the recommended award is to the tenderer submitting the most economically advantageous tender on the basis of the award criteria set out in the Council's tender documentation.

A Contract Award Notice must be published in Find a Tender within 30 days of award of the contract and in Contracts Finder within 24 hours thereafter. The Council's Legal Services will assist with preparing a formal contract based on the draft issued during the tender.

The decision is a Key Decision and the report must be submitted to Committee Services for publication on the Council's website.

Implications verified/completed by: Angela Hogan Chief Solicitor (Contracts and Procurement) 18 March 2020

Background Papers Used in Preparing This Report

None.

3. DETAILED ANALYSIS

Proposals and Analysis of Options

1. The Land and Property IT system is currently delivered by IDOX. This contract is due to expire on 1st April 2023.
2. In January 2021 the Cabinet Members for Economy and Environment approved the business case and procurement strategy for the replacement of the corporate land and property IT system. They also agreed to directly award a two-year contract to IDOX up to 31 March 2023 to enable a full procurement with negotiation process to be completed. The land and property IT system is essential to the operation of the following service areas:
 - Planning
 - Building Control
 - Environmental Health
 - Land Charges
 - Private Sector Housing
 - Trading Standards
 - Contaminated Land
 - Licensing
 - Local Land and Property Gazetteer

A full procurement exercise has been undertaken to explore the market and a comprehensive list of specifications in line with the business needs has been produced. Technology has evolved dramatically since the existing contract was first agreed and this option has enabled us to explore opportunities for innovation, mobile working, improved customer and resident experiences, and best value through a round of negotiations.

The key driver of this project has been to procure a modern IT system capable of supporting the Council's requirements, including

- agile working with the ability to deliver the service out in the field, including ability to upload photographs and files
- ability for residents to submit Planning and other applications easily and comments submitted by interested parties
- robustness and service continuity
- reduction in overall operational costs either directly through the new contract, or by the ability to deliver more efficient services

- ability to evolve the system in line with future technological developments

The key areas where we believe that can be improved for the council are:

Agile working:

- Mobile and/or Web-based – ability for database information to be accessible from any device at any time, e.g. food safety inspections for Environmental Health Officers.
- Ability to email documentation on the spot, to reduce administrative tasks and printing costs.

Improved Integration

- Ability to integrate easily with Office 365 products and other back office systems like Firmstep for My Account 'Report It' forms, email alerts, payments, consultations and reporting.
- Ability to integrate with the Council's Power BI platform enabling better management information and predictive modelling

Easy reporting system

- integrated easy to run performance management reports; and
- the ability to integrate with Power BI to easily extract information. This latter function would require training for all service areas.

4. Reasons for Decision

The land and property-based system is critical for Planning Service, Environmental Health, Licensing, Trading Standards, Building Control and Land Charges to deliver land and property services. It enables a crucial range of statutory services to be carried out. The current system is moving to obsolescence and needs replacement / upgrade.

Many issues were identified with the existing system and the new system will address these in the following ways:

- Improve performance monitoring using reports
- Provide better functionality e.g., simple actions such as printing should be quicker and more efficient.
- Improve agile working options including mobile modules.
- Have good connections to H&F products including the customer payment record management and customer service portals.
- Provide better/more consistent support to users.

Procurement process and method

The procurement was run as a Competitive Procedure with Negotiation – in compliance with both H&F's standing orders and the 2015 Public Contract

Regulations, as amended. Tenders were to be evaluated using a quality/price ratio of 60:40 with the contract awarded to the tenderer who submitted the most economically advantageous tender (MEAT).

The contract is to be let on the basis of an initial term of five years with the council being entitled at its absolute discretion to extend the contract term for a further period or periods of up to two years, making a maximum total contract period of seven years.

A Contracts Notice was published on the UK's new e-notification service, Find a Tender (FTS), on 12/07/2021. The opportunity was also published on CapitalEsourcing, the procurement portal used by the council, and Contracts Finder.

During the Standard Selection Questionnaire round, 42 suppliers expressed interest but only 4 submitted a tender, which is in line with industry experience. All 4 suppliers were successful in the pre-qualification stage in that they passed the threshold of being able to demonstrate they may be capable and competent to meet H&F's requirement and its specification and were invited to submit an initial tender. The Council had 2 rounds of negotiation with each supplier and all 4 suppliers were invited to submit a final tender.

Technical evaluation weighting:

The proposed awarding criteria is: 60% quality and 40% price, as per the Council's Contracts Standing Orders.

The proposed quality assessment is as follows:

No	Quality Tier 2 Criteria	Weighting % (Tier 2)
1	Mobilisation	10.0%
2	Operational Service & Support – robust service levels and performance, proactive approach and ability to provide an end-to-end service	20.0%
3	Ease of use of solution	18.0%
4	Data Security and Business Continuity	18.4%
5	Mobile Working	17.0%
6	Social Value	16.6%

Social Value commitments will be monitored through the social value portal, with the contract manager responsible for addressing any shortfalls with the supplier as part of the contract monitoring process. All bidders committed in their submissions, as was mandated in the tender, 10% in social value terms against the revenue element of their submissions over the 5 years committed term.

Social Value Considerations

It is a requirement that all contracts let by the council with a value above £100,000 provide social value commitments that are additional to the core services required under the contract. In addition, the evaluation of social value should aim to account for a weighting of a minimum of 10% of the overall score. The winning bidder is compliant in meeting the social value threshold.

Implications completed by: Oliur Rahman, Head of Employment and Skills – Economy, 22 March 2022

5. Equality Implications

An Equalities Impact Assessment has been undertaken as part of the procurement process for the replacement of the system and there are no anticipated negative implications for groups with protected characteristics, under the Equality Act 2010. Please see Appendix B.

6. Risk Management Implications

The services covered by this tender and report recommendations provide important multiple regulatory services across the Council that contribute to the delivery of the H&F Vision and Council Priorities and Corporate Service Delivery risk.

The migration to the new system will be complex given so many of the Council's regulatory and planning services are reliant on the system. An on-going good working relationship will be needed with the incumbent supplier to deliver the migration of the Council's data to the new system and to minimise risks to service continuity.

The report proposals provide the Council with important continuity of service as well as improving service efficiency and enhanced customer experience. As a hosted service, responsibility for Business Continuity and Disaster Recovery will rest, and be robustly contracted for delivery, with the new service provider.

Appropriate steps, investigation and contract arrangements have been taken to ensure data and cyber security arrangements have been set out in tenders and evaluated in making the recommendation to award the contract to the preferred supplier.

Implications verified by: David Hughes, Director of Audit, Risk and Fraud, 25 March 2022.

7. Climate and Ecological Emergency Implications

1. Tenderers were evaluated on their carbon reduction targets and approaches as part of the procurement process. NEC Software Solutions provided the best response, including company-specific carbon reduction targets, plans and policies in place, including a company net zero target by 2050. NEC is implementing a range of energy efficiency measures.

Jim Cunningham, Climate Policy & Strategy Lead, 18th March 2022

8. Digital Services & Information Management Implications

1. Digital Services have been working closely with the Economy and Environment Departments and supports the award to NEC Software Solutions UK Limited for the Council's land and property-based IT system contract for an initial five-year term (with the option to extend for up to a further period of 2 years). Going forward, Digital services will continue to work closely with the services and the provider to ensure that a technically feasible solution is delivered that is in alignment with the digital and information strategy and supports the business objectives of the services.
2. The existing and this new system will overlap for a period of time forecast to between 1 and 4 months. This is in line with good industry practice for ICT implementations of this type, allowing for testing and data assurance before the go live of the new system to ensure there is no disruption or interruption to the service and adequate time for business readiness. Exact dates are to be confirmed as part of the implementation design phase.
3. IM implications: a Data Privacy Impact Assessment (DPIA) should be carried out to ensure that all the potential data protection risks around our engagement with NEC Software Solutions UK Limited are properly assessed with mitigating actions agreed and implemented.
4. In addition, a (Cloud) Supplier Security Questionnaire(s) should be completed, to ensure that all the potential data protection and information security risks around the Council's land and property-based IT system are properly assessed with mitigating actions agreed and implemented.
5. Any contracts arising from this report will need to include H&F's data protection and processing schedule. This is compliant with UK Data Protection law.
6. NEC Software Solutions UK Limited will be expected to have a Data Protection policy in place and all staff will be expected to have received Data Protection training.

Implications completed by: Pierre Rogier, Strategic Relationship Manager, Digital services, Tel: 07391 734087

Implications verified by: Veronica Barella, Chief Digital Officer, Digital services, Tel 020 8753 2927 18 March 2022

LIST OF APPENDICES

- Exempt Appendix A – Current and target state costs
- Appendix B - Equality Impact Assessment